

## Message Text

UNCLASSIFIED

PAGE 01 LA PAZ 05204 061809Z

ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 INT-05 EB-07 COME-00 CIAE-00

INR-07 NSAE-00 TRSE-00 L-03 GSA-02 OMB-01 PRS-01

USIA-15 /068 W

-----073253 070107Z /62

R 061719Z JUL 77

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 6102

INFO AMEMBASSY LONDON

UNCLAS LA PAZ 5204

FOR: DEPARTMENT PASS INTERIOR BUREAU OF MINES AND USGS

EO 11652: NA

TAGS: EMIN, BL

SUBJECT: COST OF TIN MINING IN BOLIVIA

1. DURING ABORTED VISIT IN MARCH OF BUREAU OF MINES DELEGATION TO BOLIVIA TO RESEARCH COSTS OF TIN PRODUCTION, RRA PROMISED TO OBTAIN AS MUCH INFORMATION AS POSSIBLE ABOUT COSTS OF TIN PRODUCTION IN BOLIVIA. BOLIVIAN TIN PRODUCTION HAS SUCH A DIVERSITY OF COTS AMONG COMIBOL MINES AS WELL AS MEDIUM MINERS AND SMALLER MINERS AND COOPERTIVES THAT IT WAS DEEMED MORE PRUDENT TO CREATE A MODEL OF WHAT IT WOULD COST TO BRING INTO PRODUCTION A THEORETICAL NEW TIN MINE BEGINNING ALL THE WAY FROM REGIONAL PROSPECTING DOWN TO ENTERING INTO PRODUCTION.

2. THE MODEL SHOWS A MODERATE INTERNAL RATE OF RETURN WITH A PRICE OF TIN AT \$4.00 PER POUND WITH TAX RATE REDUCED TO ONE HALF BECAUSE IT IS A NEW INVESTMENT. MODEL ASSUMES A VERY GOOD TIN MINE WITH 1 PERCENT MILL HEAD AND 65 PERCENT RECUPERATION. MODEL IS VERY SENSITIVE TO CHANGES IN PARAMETERS SUCH AS RECOVERY RATE, MILL HEAD, TAX RATE AND PRICE.

3. THE INTERNAL RATE OF RETURN IS 25 PERCENT ON A GROSS IN-  
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VESTMENT OF \$10,378,760. THE COST PER POUND OF PRODUCING TIN IN THIS MINE IS \$3.386 WHICH INCLUDES OPERATING COSTS, TAXES, DEPRECIATION (STRAIGHT LINE OVER EIGHT YEARS) INTEREST, SMELTING AND SHIPPING AND HANDLING COSTS. IF A FULL TAX RATE IS USED THEN THE COST PER POUND GOES UP TO \$3.98.

4. AIRGRAM WILL BE POUCHED, WITH COPY TO LONDON, ASAP.

BEAL

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COSTS, TIN, MINING  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 06-Jul-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770240-0476  
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**Office:** ACTION ARA  
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**Original Handling Restrictions:** n/a  
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**Reference:** n/a  
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**Review Date:** 29-Oct-2004 12:00:00 am  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1954175  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COST OF TIN MINING IN BOLIVIA  
**TAGS:** EMIN, BL  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009